

THE DIRECTOR OF  
CENTRAL INTELLIGENCE

ER 3486X-88

Security Evaluation Office

BDCI

Bob -

Conversation with

Barry Kelly deserves a  
moment. He wants you  
to give Colin Powell  
some of the good news  
outlined in para 5 of  
his memo.

Fred

DCI  
EXEC  
REG

L-268-IR

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5. Barry seemed genuinely surprised that the impasse between the DCI and the Secretary had not obstructed all DCI/SEO activity. I outlined the lengthy, albeit modest, list of accomplishments and what we could claim as progress/victory even if the impasse carries over to the next Administration.

7 October 1988

1988, 1100 Hours

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SECRET

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11 Oct

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## MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Barry Kelly, OEOB, 7 October 1988, 1100 Hours

1. I met with Barry Kelly at the suggestion of Ron Spiers who had mentioned that Barry might help the DCI and Secretary of State with the impasse over the Security Evaluation Office.
2. Barry opened with a lecture on the political embarrassment for the Administration caused by the Secretary-DCI deadlock on the polygraph. He then argued that we could let State officers into the DCI/SEO with only a CI polygraph. Finally, he argued that the impasse would not have developed if only we had agreed to the "charter" he had developed for us last year. This monologue ran for about thirty minutes.
3. I agreed with him that the impasse is politically embarrassing but pointed out that the issue of the polygraph is not a trivial one for the DCI and the Intelligence Community. The issues of setting precedents that undermined the CIA and NSA security programs and of retreating from the polygraph program so ardently supported by the Administration and many on the Hill were not to be dismissed lightly in an effort to win over the Secretary of State in the short term. My concluding point here was that the Bureau of Diplomatic Security will find another issue for delay even if we resolve the polygraph issue for Terry Shea and Jon Lechevet.
4. Next, I described how we could accept Shea and Lechevet into the DCI/SEO with only the CI polygraph. But, Barry seemed taken back by the fact that there would be some information denied them by NSA and CIA and that CIA, NSA, and SCS would not allow them to inspect their areas of embassies. I emphasized that the DCI could authorize or direct State officers to be detailed with such limited access but asked him if that met our long-term goals. In the long term, we want State officers to serve as fully qualified, fully cleared, and full accepted members of the DCI/SEO. We wanted State officers to return to the Department after their detail and take with them a fuller appreciation of what the intelligence threat is and how to protect against it. Barry seem surprised at this line of argument and his enthusiasm for compromise over the polygraph was somewhat diminished.
5. Barry seemed genuinely surprised that the impasse between the DCI and the Secretary had not obstructed all DCI/SEO activity. I outlined the lengthy, albeit modest, list of accomplishments and what we could claim as progress/victory even if the impasse carries over to the next Administration.

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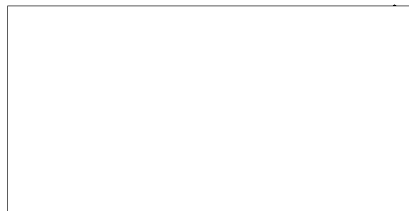
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- o The DCI/SEO has the enthusiastic support of the HPSCI, the SSCI, and many members on the Hill.
- o We have both an Authorization and Appropriation for 60 positions and \$7M.
- o We have two senior Foreign Service Officers who have volunteered for the DCI/SEO, one has taken and cleared the full-scope polygraph, the other awaits Department permission to voluntarily take it; we have had discreet enquiries from junior members of the Diplomatic Security Service who would like to volunteer.
- o The DCI/SEO has done an initial survey of national level security standards applicable to embassies and is examining each agencies' implementing instructions. This is not a particularly profound effort, largely due to State's refusal to provide us any of its standards or implementing instructions. But, work has begun.
- o The DCI/SEO Standards Group is moving ahead with priority upon building shielding and computer system standards; two areas where there are few standards.
- o The DCI/SEO Intelligence Group has completed two months worth of data base building by five people to prepare for all-source, all-agency threat and vulnerability studies on embassies. This is the only supra-agency, DCI-sponsored all-source counterintelligence analysis unit.
- o The DCI/SEO Inspections Group is prepared to make 4-6 independent inspections of embassy compliance with Department security standards over the next 3 months. My memorandum proposing the year-end inspection schedule will go to Bob Lamb this week.
- o We have met our personnel milestone of having the DCI/SEO Group Chiefs on board and being at half-strength by October 1988. We plan to fill to 60 by April 1989, reserving positions for a dozen State officers.
- o We can continue with developing threat and vulnerability assessments and developing standards without State participation. We can audit other peoples' inspection reports and participate in CIA, NSA, SCS, and DIA inspections as part of our monitoring compliance duties even without positive support from State. It is possible that State may allow us to conduct independent inspections of embassies without their participation. We shall see.
- o The future is not clear but some staffers in the SSCI talk of it this way. The DCI/SEO:
  - ,Is capable of contributing to overseas security even without State participation,

- Would be worthwhile continuing even if the next Secretary of State doesn't direct cooperation, and
- Should take over JSPO and PTPE program direction.

6. Barry brightened perceptibly at this more optimistic and positive perspective. He asked me to suggest that the DCI/DDCI include the brighter side of the DCI/SEO controversy as well as the gloomy side at their next meeting with Colin Powell. He is hungry for something positive.



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D/SEO/DCI,  7 Oct 88)

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